

Appropriation: Helium Fund and Operations

ACTIVITY SUMMARY

The Helium Act Amendments of 1960, Public Law 86-777 (50 U.S.C. 167), authorized activities to provide sufficient helium to meet the current and foreseeable future needs of essential government activities. The Helium Privatization Act of 1996, Public Law 104-273, discontinued production and sale of refined helium. Proposed regulations are being drafted to facilitate administration and implementation of other provisions granted under 50 U.S.C. 167.

Summary of Requirements (\$000)

Comparison by Activity/ Subactivity	2004 Actual		2005 Enacted		Uncontrollable & Related Changes (+/-)		Program Changes (+/-)		2006 Budget Request		Inc(+) Dec(-) from 2005	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Helium Fund	54	0	54	0	0	0	0	0	54	0	0	0
Helium Fund	54	95,000	54	75,000	0	0	0	+82,000	54	157,000	0	+82,000
Offsetting Collections		-95,000		-75,000		0		-82,000		-157,000		-82,000
OPERATING PROGRAMS:	54	77,000	54	77,000	0	0	0	+2,000	54	79,000	0	+2,000
Production & Sales	22	13,000	22	13,000	0	0	0	0	22	13,000	0	0
Transmission & Storage Operations	18	2,000	18	2,000	0	0	0	2,000	18	4,000	0	+2,000
Administrative & Other Expenses	14	62,000	14	62,000	0	0	0	0	14	62,000	0	0
Closure	0	0	0	0	0	0	0	0	0	0	0	0
CAPITAL INVESTMENT:	0	0	0	0	0	0	0	0	0	0	0	0
Land, Structures, & Equipment	0	0	0	0	0	0	0	0	0	0	0	0
Carry Forward Balance		18,000		-2,000				+80,000		78,000		+80,000

Activity: Helium Fund and Operations

Activity Summary (\$000)

	2004 Actual Amount	2005 Estimate Amount	Uncontrollable & Related Changes (+/-) Amount	Program Changes (+/-) Amount	2006 Budget Request Amount	Inc(+) / Dec(-) from 2005 Amount
Helium Fund	95,000	75,000	0	+82,000	157,000	+82,000
Offsetting Collections	-95,000	-75,000	0	-82,000	-157,000	-82,000
FTE	54	54	0	0	54	0

Beginning with 2006, the Helium Budget Request program change recognizes \$80,000,000 carry forward balance. This is a change from the presentation in 2005 Budget Request.

2006 PROGRAM OVERVIEW

In 2006, the Helium program supports the Resource Use mission goal from the Department's Strategic Plan by providing the helium requirements of essential Federal government programs. The BLM New Mexico Field Office located in Amarillo, Texas will accomplish this objective through crude helium transmission and storage of Federal and private crude helium via the helium storage system; the administration of the sale of crude helium (coordinated with the private helium industry so as not to disrupt the helium market); the evaluation of helium resources; and the administration of helium extracted from Federal lands. The helium storage system ensures that excess helium produced from natural gas processing plants connected to the pipeline network is conserved for future use. Federally owned natural gas containing marketable helium reserves will be identified and contracted for sale or royalty to enhance conservation of crude helium already in storage.

The *Helium Privatization Act of 1996*, P.L. 104-273, significantly changed the objectives and functions of this program. This legislation established revised guidelines for the helium program. Specifically, it directed BLM to:

- Continue the storage and transmission of crude helium.
- Sell the crude helium reserve over an extended period.
- Oversee production of helium on Federal lands.
- Conduct a National Academy of Sciences study on helium issues.

As of October 2001, the legislation has resulted in the reduction of personnel from 173 (in 1997) to 49, cessation of refining functions, and initiation of orderly disposal of the excess property. Remaining environmental cleanup costs will add to the funds typically required in a normal year. These costs are expected to be variable, depending on the results of environmental assessments of the decommissioned production facilities. Divestiture of the Amarillo and Exell

plant sites will be influenced, in part, on the results of the Environmental Site Assessments. Based on findings from Phase One Environmental Site Assessments, no significant environmental cost increases are expected.

In 2006, the program will continue to meet the needs of Federal customers through “in-kind” crude helium sales to Federal helium suppliers and open market sales in accordance with the *Helium Privatization Act of 1996*. All the income derived from crude helium sales, from private helium storage, and from fee sales/royalty payments for helium extracted from Federal lands will pay the full costs of the program.

In 2006, the Helium program will:

- Continue storage and transmission of crude helium.
- Administer helium fee and royalty contracts for helium extracted from gas produced on Federal lands.
- Administer the in-kind and open market crude helium gas sale programs.
- Conduct helium resource evaluation and reserve tracking to determine the extent of helium Resources.
- Complete the disposal of helium refining-related facilities not needed for the storage and transmission of crude helium.

JUSTIFICATION OF 2006 PROGRAM CHANGES

2006 PROGRAM CHANGES		
	2006 Budget Request	Program Changes (+/-)
Helium Fund (\$000)	157,000	+82,000
Offsetting Collections (\$000)	-157,000	-82,000
FTE	54	0

The 2006 budget request for the Helium Fund and Operations is \$157,000,000 and 54 FTE, a program change of +\$82,000,000 from the 2005 requested level. This change is offset by \$82,000,000 in additional collections.

Helium Enrichment (+\$2,000,000) - In 2003 and 2004, in conjunction with private industry, there was a new helium enrichment unit added to the facilities at the Cliffside Gas Field. This addition will ensure that helium offered for sale in accordance with the Act can be provided in the most efficient and timely way possible.

Carry Forward Balance (+\$80,000,000) – Beginning with 2006, the Helium Budget Request recognizes \$80,000,000 carry forward balance. This is a change from the presentation in 2005.

Budget Schedules

Program and Financing (Million \$)

Identification code: 14-405300-0		2004 Act	2005 CY	2006 BY
	Program and Financing (P)			
	Obligations by program activity			
0901	Production and Sales	13	13	13
0902	Transmission and storage	2	2	4
0903	Administration and other expenses	62	62	62
1000	Total new obligations	77	77	79
	Budgetary resources available for obligation			
2140	Unobligated balance carried forward, start of year	3	21	4
2200	New budget authority (gross)	95	75	157
2260	Portion applied to repay debt	0	-15	-30
2390	Total budgetary resources available for obligation	98	81	131
2395	Total new obligations	-77	-77	-79
2440	Unobligated balance carried forward, end of year	21	4	52
	New budget authority (gross), detail			
	Mandatory			
6900	Offsetting collections (cash)	97	75	157
6910	Change in uncollected customer payments from Federal sources (unexpired)	-2	0	0
6990	Spending authority from offsetting collections (total mandatory)	95	75	157
	Change in obligated balances			
7240	Obligated balance, start of year	0	5	7
7310	Total new obligations	77	77	79
7320	Total outlays (gross)	-74	-75	-147
7400	Change in uncollected customer payments from Federal sources (unexpired)	2	0	0
7440	Obligated balance, end of year	5	7	-61
	Outlays (gross), detail			
8697	Outlays from new mandatory authority	54	45	85
8698	Outlays from mandatory balances	20	30	62
8700	Total outlays (gross)	74	75	147
	Offsets			
	Against gross budget authority and outlays			
8800	Federal sources	97	75	157
	Against gross budget authority only			
8895	Change in uncollected customer payments from Federal sources (unexpired)	-2	0	0
	Net budget authority and outlays			
8900	Budget authority	0	0	0
9000	Outlays	-23	0	-10

Object Classification (Million \$)

Identification code: 14-405300-0		2004 Act	2005 CY	2006 BY
	Object Classification (O)			
	Reimbursable obligations			
2113	Other than full-time permanent	3	3	3
2121	Civilian personnel benefits	1	1	1
2233	Communications, utilities, and miscellaneous charges	3	3	3
2252	Other services	10	10	12
2430	Interest and dividends	60	60	60
9999	Total new obligations	77	77	79

Schedule A: Policy (Million \$)

Identification code: 14-405300-0		2004 Act	2005 CY	2006 BY
	BA, Limitations, and Outlays - Policy (A)			
	Spending authority from offsetting collections (total) [Text]			
6990	Mandatory, authorizing committee, regular	95	75	157
	Offsetting collections, Federal Sources [Text]			
8800	Mandatory, authorizing committee, regular	97	75	157
	Chg in uncollected customer payments from Fed sources (unexpired) [Text]			
8895	Mandatory, authorizing committee, regular	-2	0	0
	Outlays from new offsetting collections [Text]			
9311	Mandatory, authorizing committee, regular	54	45	85
	Outlays from balances of offsetting collections [Text]			
9321	Mandatory, authorizing committee, regular	20	30	62
	Memo: Outlays frm end of PY bal. from offsetting coll [Text]			
9322	Mandatory, authorizing committee, regular	0	10	25

Schedule S: Baseline (Million \$)

Identification code: 14-405300-0		2004 Act	2005 CY	2006 BY
	BA, Limitations, and Outlays - Baseline (S)			
	Spending authority from offsetting collections (total) [Text]			
6990	Mandatory, authorizing committee, regular	0	75	157
	Offsetting collections, Federal Sources [Text]			
8800	Mandatory, authorizing committee, regular	0	75	157
	Chg in uncollected customer payments from Fed sources (unexpired) [Text]			
8895	Mandatory, authorizing committee, regular	0	0	0
	Outlays from new offsetting collections [Text]			
9311	Mandatory, authorizing committee, regular	0	45	85
	Outlays from balances of offsetting collections [Text]			
9321	Mandatory, authorizing committee, regular	0	30	62
	Memo: Outlays frm end of PY bal. from offsetting coll [Text]			
9322	Mandatory, authorizing committee, regular	0	10	25

Personnel Summary (FTEs)

Identification code: 14-405300-0		2004 Act	2005 CY	2006 BY
	Personnel Summary (Q)			
	Reimbursable			
2001	Civilian full-time equivalent employment	54	54	54